



CITY COUNCIL

Finance Committee

Meeting Report Monday, September 2, 2008

Committee Members Attending: J. Waltman, Chair, M. Baez

Others Attending: V. Spencer, L. Kelleher, C. Younger, R. Hottenstein, T. McMahon

Waltman called the Finance Committee meeting to order at 6:00 pm.

Budget Action Steps

Mr. Hottenstein stated that letters outlining the City's request have been drafted to the Reading Parking Authority (RPA) and the Reading Area Water Authority (RAWA). The letter to RAWA requested that they increase their lease payment; however, no dollar amount has been determined to date. The Administration's original request to the RPA for \$8 million has been reduced to \$4.2 million. A letter seeks to finalize this reduced request. Mr. Hottenstein stated that the lease back option is off the table and the City now seeking a one time cash infusion.

Mayor McMahon asked Mr. Hottenstein to have the letters prepared to go out tomorrow.

Mr. Waltman recapped that at the end of 2008 the City will see a \$5.7 million deficit. He suggested that the application of increased revenues coming from RAWA and RPA along with adjustments to fines and fees will provide a \$100,000 surplus at the end of 2009. He noted that the \$7 million swing considers the use of \$4 million dollars generated for the sale of Antietam and refinancing approved by Council at the end of August.

Mr. Hottenstein stated that a rough draft of the 2009 budget will be presented to Council on September 15th. He stated that the Administration plans to hold meetings

with a few members of Council to review line items between September 15th and October 1st. A final draft of the budget will be presented to Council on October 1st as required by the Home Rule Charter.

Mr. Waltman stated that the increase from RAWA is not one time but a recurring increase of the lease payment. He stated that without this increase the City will need to find another recurring revenue stream. He also reminded everyone of the need to focus on the 2009 and the 2010 budget.

Fines and Fees

Mr. Hottenstein stated that Maximus has not prepared any suggestions on fines or fees increases as of now. He suggested the 2009 budget be amended to reflect new figures after the study is complete. He also noted that while the City has improved its collection on fines, fees, and taxes they are still under performing.

Collection of Act 511 taxes

Mr. Waltman suggested that this discussion be delayed until the October meeting.

Expense Analysis

Mr. Waltman stated that this issue will be discussed after review of the September 15th draft budget. Mr. Hottenstein announced that changes to the City's organizational structure will be presented to Council for introduction at the September 22nd Regular Meeting of Council.

2009 Budget Commitments

Mr. Waltman called the Committee's attention to the budget calendar attached to the agenda:

- October 1st Special Meeting to introduce the 2009 Budget (General Fund and CIP, Introduction of fee and tax ordinances, introduction of full-time position ordinance)
- Monday October 20th Capital Budget Public Hearing
- Tuesday October 21st General Fund Budget Public Hearing

Mr. Hottenstein noted the need to have the budget formally adopted by the deadline set in the Home Rule Charter of December 15th.

Ms. Kelleher noted that Council must make its first adoption actions no later than the last meeting in November. She stated that this will allow time for the other required

steps should Council make changes over and beyond what is allowed by the Home Rule Charter. She noted that as Council is receiving the budget much earlier than usual Council may be ready to adopt the budget by the first meeting in November.

CDBG Action Plan

Mr. Hottenstein stated that the Administration will not be amending the CDBG budget to provide an allocation for the Blighted Property Review Committee as they have not completed an application and presented a business plan. He stated that should the committee need money during the 2009 cycle the CDBG budget could be amended as needed.

Ms. Kelleher asked Mr. Hottenstein to reconsider as Blighted Property Review Committee has started the process for individual neighborhood properties and the area between Entertainment Square and the Buttonwood Gateway. She stated that as the process usually takes 12 to 18 months, waiting for an amendment to the CDBG Budget may delay the process.

Mr. Waltman and Mr. Hottenstein questioned the City's ability to fund the Blighted Property Review Committee under the CDBG action plan. Ms. Kelleher responded that the City's Blighted Property Review Committee met with colleagues in Harrisburg and Allentown where the Blighted Property effort is funded under CDBG. She noted the need to include the Redevelopment Authority in the Blighted Property process. She also noted the Redevelopment Authority's Executive Director's unwillingness to participate.

Mr. Spencer stated that a Redevelopment Authority member sits on the Blighted Property Review Committee. He also noted the Executive Director's statements of support at Redevelopment Authority meetings.

Ms. Kelleher noted that the Executive Director has not been supportive when approached by the Chair of the Blighted Property Review Committee. She stated that the Executive Director has been invited to attend the Blighted Property Review Committee meetings; however he has refused. She asked key members of the Administration and Council to speak with the Executive Director to gain his support.

Mr. Hottenstein noted several Councilors request to amend the CDBG action plan draft budget to include an allocation for a street lighting program. Mr. Waltman noted his understanding that the Public Works Department was undertaking a study of the City's street lighting. Mayor Mc Mahon noted the Administrations efforts to improve the intensity of street lighting.

Ms. Baez noted the continual problem with street lights burning out on the Schuylkill Avenue Bridge. She noted it is a problem city wide and creates safety issues.

Mr. Hottenstein replied that this may be caused by faulty conductors in conduits. Mayor McMahon agreed as the same problem was identified on the Penn Street Bridge.

Respectfully submitted by,

Linda Kelleher
City Clerk